

### § 13. League of Nations.

Australia was one of the original signatories of the Treaty of Versailles of 28th June, 1919, under which the League of Nations was established, and thus became a Member of the League and its kindred organizations—the International Labour Organization and later the Permanent Court of International Justice. On 2nd October, 1933, Australia was elected a non-permanent member of the Council of the League of Nations for a period of three years, and was succeeded by New Zealand in September, 1936. There are now four permanent members of the Council (Great Britain, France, Italy and the Union of Soviet Socialist Republics) but of these Italy gave notice of her withdrawal from the League on 11th December, 1937, and, although such notice does not become effective for two years, Italy has not taken any part in League affairs since it was given, and eleven non-permanent members, viz., Belgium, Bolivia, China, the Dominican Republic, Greece, Iran, Latvia, New Zealand, Peru, Sweden and Yugoslavia. The term of the non-permanent members is three years.

Australia has been represented at each Assembly of the League from its inauguration in 1920, and at nearly all of the conferences of the International Labour Organization. The contribution of Australia towards defraying the expenditure of the League of Nations and its kindred organizations is on the basis of 23 of 932 units, and for the year 1938 amounts to 724,787 Swiss francs, or, in Australian currency at the present rate of exchange, approximately £33,555, out of a total budget of 29,416,884 Swiss francs. Australia holds a mandate, issued through the League of Nations, for the former German territory of New Guinea, and, by agreement with Great Britain and New Zealand, administers the Mandated Territory of Nauru, for which a mandate was issued to the British Empire.

### § 14. War Service Homes.

The operations of the War Service Homes Commission at 30th June, 1938, may be briefly set out as follows:—Total applications approved, 43,532; expenditure on provision of homes, purchase of land for future use, etc., £29,570,003; 21,291 houses had been completed; and 34 homes had been enlarged.

In addition, the Commission had purchased on behalf of eligible applicants, 12,967 already existing properties, and had taken over mortgages existing on 2,929 dwelling houses. Dual assistance had been approved in respect of 59 applications, making the total number of homes provided under the War Service Homes Act, 37,280. Homes are insured under a comprehensive policy, the total insurances in force including cover notes amounting to £20,957,945. The total receipts of the Commission to 30th June, 1938, were £25,092,653, of which £9,290,648 was paid to the National Debt Sinking Fund. Arrears of instalments outstanding at the close of the year equalled £808,345 or 3.73 per cent. of the total instalments due.

### § 15. National Health and Pensions Insurance.

1. *Historical.*—Social Insurance was first brought before the Australian people in 1910, when Sir George Knibbs, the Commonwealth Statistician, upon his return from an official visit to several European countries, published a bulletin setting forth the schemes in operation in Europe.

The war years which intervened deferred the consideration of any such scheme for Australia. The early post-war period saw a re-awakening of interest and the International Labour Office played a prominent part in advocating the introduction of insurance measures protecting workers against sickness and old age. Great Britain had adopted Health Insurance in 1911, and in a short time it was accepted by all classes of the community as an essential and necessary piece of social legislation.

In Australia proposals were put forward from various quarters and in 1923 a Royal Commission was appointed to inquire and report. In its first progress report the Commission stated:—

“Your Commissioners are, therefore, of the opinion that it is both desirable and necessary that the Commonwealth Government institute a compulsory system of National Insurance in Australia which will provide for the payment of sickness, invalidity, maternity, and superannuation benefits to insured members. It is

considered that only by governmental control and supervision can equitable arrangements be made whereby definite and adequate benefits will be granted to all insured members, with that necessary economy in cost of administration, uniformity of method, effective co-ordination and unbiased control of the various sections of one comprehensive scheme. A compulsory basis is recommended, provided the system is supervised by the Government, as compulsory provisions can be effectively controlled by a national organization only, and there are no valid reasons why the Government should transfer its functions and responsibilities to private institutions."

The fourth and final report of the Commission was presented on 5th October, 1927, and in that year a National Insurance Advisory Committee was appointed. This Committee was supplemented in 1928 by an Actuarial Committee, which submitted recommendations and a draft Bill. The Honorable the Treasurer (Dr. Earle Page) introduced a Bill in September, 1928, but the intervening elections, followed by the depression years, resulted in the temporary abandonment of the measure.

In 1934 proposals were again examined by the Government which, in 1936, requested from the British Government the services of Sir Walter S. Kinnear, K.B.E., F.C.I.I., Controller of Insurance Department, Ministry of Health, and Deputy Chairman of National Insurance Joint Committee, Great Britain. This action followed upon a report by Sir Frederick Stewart, who had returned from the Geneva Conference where he had examined National Insurance schemes in operation overseas. Sir Walter Kinnear presented his report in June, 1937, and shortly afterwards the Government was returned at a general election with a mandate to provide National Insurance in Australia.

2. **Legislation.**—The Government forthwith introduced legislation, based on the report of Sir Walter Kinnear, which was passed by Parliament in June, 1938, and assented to on the 5th July, 1938. The legislation is contained in three Acts—

- (a) National Health and Pensions Insurance Act 1938 (No. 25 of 1938), the main Act, "to provide for Insurance against certain contingencies affecting Employees, and the Wives, Children and Orphans of Employees, and for other purposes," and—
- (b) The two contribution Acts (Nos. 26 and 27 of 1938) imposing on Employers and Employees the liability for contributions.

The division was adopted for Constitutional reasons. The Acts are to be read as one and are referred to as "the Act".

Three proclamations have been issued, enabling the entire scheme to be brought into operation on 4th September, 1939.

3. **Basic Principles of Scheme.**—The Scheme has four basic characteristics—

- (a) It is compulsory and applicable to every person within its range;
- (b) It is contributory so that it is, in fact, insurance and not public benevolence, and there are specific contributions from employers and employees and the Commonwealth Treasury;
- (c) The benefits flow from contributions as such, without "means tests" of income or property; and
- (d) It is financially sound and its costs, benefits and funds are related to one another.

4. **Administration.**—(i) *The Commission.* Subject to the control of the Minister, administration is vested in the National Insurance Commission, consisting of three Commissioners appointed by the Governor-General. The first Commissioners appointed are—

- J. B. Bridgen, M.A., Chairman;
- D. McVey, A.M.J.E. (Aust.);
- H. C. Green, F.S.S.

In each of the States Deputy Commissioners have been appointed and the work in districts is carried out by an inspection staff.

(ii) *Approved Societies.* The Act provides for the establishment of Approved Societies subject to the Commission which will administer sickness benefit, disablement benefit and the dependent child allowances. It will be their responsibility to see that the funds are used to the best advantage. Investments are restricted to those authorized by the Act. Actuarial valuations will be made at quinquennial periods.

5. *The Scope of the Act.*—Insurance is limited to employees, and details of insurable employment are set out in the first schedule to the main Act. In general, all persons who work for an employer under a contract of service will be insured between the ages of fourteen years and the ages when normally they will become entitled to receive the old-age pension. These ages are 60 for women and 65 for men. Other similar categories of employment, though not under contract of service, are also insurable and the Commission has power to include others within the limits set out in the Schedule. Certain exceptions are provided and include, *inter alia*—

- (a) Government and semi-government employment in which benefits equal to those of National Insurance are provided and suitably safeguarded.
- (b) Employment otherwise than by manual labour at a rate of remuneration exceeding £365 a year.
- (c) Employment which is specified as subsidiary.

It is estimated that 1,350,000 men and 465,000 women will come within the scope of the Act at the commencement.

6. *Benefits.*—(i) *Medical.* Medical benefit means medical treatment by a qualified medical practitioner and provision of proper and sufficient drugs and medicines and prescribed medical and surgical appliances. The insured person is entitled to medical benefit while he remains in insurance, and if he is entitled to a pension on reaching pension age he receives medical benefit for life.

(ii) *Sickness.* Sickness benefit consists of periodical payments to the insured person during incapacity from work (commencing on the fifth day of incapacity) for a maximum period of 26 weeks. Sickness benefit is subject to a qualifying period of 26 weeks' insurance and payment of a minimum of 26 contributions. The rates of benefit are as follows :—

Adults and Married Minors—

Males .. .. .	20s. per week.
Females .. .. .	15s. per week.

Unmarried minors who have been in insurance for a period of 104 weeks and paid 104 contributions—

Males .. .. .	15s. per week.
Females .. .. .	12s. 6d. per week.

Unmarried minors (not being juvenile contributors) who have been in insurance for a period of less than 104 weeks—

Males .. .. .	12s. per week.
Females .. .. .	10s. per week.

Juvenile contributors, males and females .. 5s. per week.

Special conditions as to the period of benefit apply to juvenile contributors.

(iii) *Disablement.* Disablement benefit consists of periodical payments to the insured person in respect of any period after the termination of sickness benefit, during which incapacity for work due to sickness continues. Disablement benefit is payable after 104 weeks of insurance and contributions. The rates are as follows :—

Adults and married minors—

Males .. .. .	15s. per week.
Females .. .. .	12s. 6d. per week.

Unmarried minors—

Males .. .. .	12s. per week.
Females .. .. .	10s. per week.

(iv) *Old-age Pension.* An old-age pension of £1 a week, in the case of males, and 15s. a week, in the case of females, is payable to persons who are in insurance when they reach the maximum age and who have built up the necessary qualifications. These qualifications relate solely to contributions paid and length of time in insurance and have no relation to property or income.

(v) *Widow's Pension.* A pension is payable to the widow of an insured man if he, during his lifetime, has built up the necessary qualifications, and consists of a payment of 12s. 6d. a week (which will be increased to 15s. in 1944) for life or until she re-marries.

(vi) *Orphan's Pension.* This consists of a payment of 7s. 6d. per week to any child, both of whose parents are dead, and whose last surviving parent was insured at death and satisfied certain conditions as to contributions; it ceases when the child attains the age of fifteen years, or sixteen if incapacitated.

(vii) *Dependent Child's Allowance.* Attached to cash benefits is the right to receive a weekly allowance of 3s. 6d. for each child under the age of fifteen years, or sixteen if incapacitated.

(viii) *Additional Benefits.* Provision is made in the Act for a valuation of the funds of Approved Societies every five years and if the valuation is favourable the Approved Society may be able to give to its members additional benefits.

7. *Finance.*—The funds of the Commission will come from three sources: (a) Contributions of employers, (b) Contributions of employees, and (c) Funds transferred from the Commonwealth Treasury.

Contributions will be collected by means of stamps. The employee will be required to present to his employer the card upon which the employer shall affix the stamp to the value of the total contribution payable in respect of the employee, and the employer will, in the case of persons below the maximum age, be entitled to recover from the employee, by a deduction from wages, half the value of the contribution payable. The contributions are payable under the special Acts supplementary to the main Act, and are as follows:—

TABLE OF CONTRIBUTIONS.

Payable by and in respect of.	Amount per week.	Distribution.
	s. d.	s. d.
Males .. .. .	3 0	Health .. 1 3
		Pensions .. 1 9
Females .. .. .	2 0	Health .. 1 2
		Pensions .. 0 10
Juvenile Contributors—		
Males and Females .. .. .	0 8	Health .. 0 8
For male persons who have attained the age of 65 years—Employer .. .. .	1 6	Pensions .. 1 6
For female persons who have attained the age of 60 years—Employer .. .. .	1 0	Pensions .. 1 0
Voluntary Contributors—		
Entitled to Medical Benefit—		
Males .. .. .	3 0	Health .. 1 3
		Pensions .. 1 9
Females .. .. .	2 0	Health .. 1 2
		Pensions .. 0 10
Not entitled to Medical Benefit—		
Males .. .. .	2 8	Health .. 0 11
		Pensions .. 1 9
Females .. .. .	1 8	Health .. 0 10
		Pensions .. 0 10
Special Voluntary Contributor (Female) .. .. .	1 0	Pensions .. 1 0
Voluntary Contributor (Female) for additional Old-age Pension .. .. .	0 6	Pensions .. 0 6

In the case of persons over the pension age no contributions are payable by the employee, but to prevent discrimination the employer's contribution is payable.

Treasury transfers to the funds of the Commission will be made as follows :—

- (a) An annual amount of £100,000 towards the administration of Health Benefits ;
- (b) An annual amount of 10s. for each insured person (limited as set out in the Act) towards the redemption of reserve values in respect of Health Insurance benefits ; and
- (c) An annual amount towards pensions of £1,000,000 for the first five years, increasing thereafter by £500,000 a year until the transfer is £10,000,000, at which figure it will be stabilized.

8. **Voluntary Contributors.**—Under conditions set out in the Act, persons who have been in employment for as much as two years may continue as voluntary contributors. Female contributors may by the payment of an extra 6d. a week qualify for an old-age pension of £1 a week.

9. **Existing Pensions Legislation.**—The National Health and Pensions Insurance Legislation does not affect the provisions of the "Old-age Pensions" scheme which remains intact and is available to persons who can satisfy the "means" test associated therewith. Provision is, however, made against duplication of pensions.

10. **Miscellaneous.**—This synopsis deals only with the main features of the Act as it affects the great bulk of employers and employees. No mention has been made of the "free insurance period" by which the rights of insured persons are preserved after cessation of contributions for periods up to two years, nor of the relationship between the Act and State Workmen's Compensation Acts, and the various Repatriation Acts. Reciprocal arrangements may be made with any part of the British Empire where legislation substantially corresponding to the Act is in operation. The Act also provides for variations of the conditions under which the Act shall apply to employments of a seasonal nature, or subject to periodical fluctuation, and to casual or intermittent employment.

11. **Conclusion.**—The National Health and Pensions Insurance Act covers a greater geographical area than any scheme of a like nature heretofore introduced in any country of the world. It will in one measure provide insurance against contingencies which have, in other countries, been dealt with by successive stages, and will establish a basis upon which insurance on a National scale may be extended to wives and children of employed persons, to self-employed persons and to other sections of the community. It is based on the pooling of risk, and aims to prevent the burden of misfortune falling at a time when the individual is least able to assume that burden, and to provide, by the joint effort of employees, employers and the Government, a measure of security against old age and adversity.

## The Tides of Australia.\*

1. **Introduction.**—It was one of the many triumphs of Newton to demonstrate that the daily ebb and flow of the waters of the ocean, which we call the tides, are due to the gravitational attraction of the sun and the moon. From his theory the tide-producing force on the waters of the earth at any point can be computed with precision for any given disposition of the sun and moon. At any place it can be resolved into a vertical and a horizontal component. The vertical force, however, tending as it does to lift

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